

**Report of the  
PUBLIC EMPLOYEE RETIREMENT  
ADMINISTRATION COMMISSION  
on the Examination of the  
Minuteman Regional School District  
Contributory Retirement System  
For the Four Year Period  
January 1, 1998 - December 31, 2001  
PERAC 01: 08-103-15**

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April 9, 2003

The Public Employee Retirement Administration Commission has completed an examination of the **Minuteman Regional School District** Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, **1998** to December 31, **2001**. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00. Additionally, all supplementary regulations approved by PERAC and on file at PERAC are listed in this report.

In our opinion, the financial records and management functions are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission with the exception of those noted in the findings presented in this report.

In closing, I acknowledge the work of examiner James Sweeney who conducted this examination and express appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,

Joseph E. Connarton  
Executive Director

## **Minuteman Regional School District Retirement System**

### **EXPLANATION OF FINDINGS AND RECOMMENDATIONS**

#### **FOR THE FOUR YEAR PERIOD ENDING DECEMBER 31, 2001**

**1) Refunds:** A sample of refunds was reviewed to determine if the correct percentage of interest is being refunded when a member resigns and requests a refund of his total accumulated deductions. Members requesting a rollover to a qualified IRA account have been receiving 100% of earned interest with less than the required service time of 120 months to receive that percentage of interest.

**Recommendation:** The Board must comply with G.L. 32 § 11 (1) regardless of whether the refund is a taxable cash refund or a rollover to an IRA. This statute states that any member joining the system subsequent to January 1, 1984 who voluntarily withdraws from service with creditable service of less than 60 months shall receive 0% interest, withdrawing members with more than or equal to 60 months and less than 120 months shall receive 50%, all others receive 100% of regular interest.

**Board Response:** There were, in fact, two members who received the incorrect amount of interest as noted. While the rollover amount was manually calculated correctly, the TACs System we use included the interest in its calculations and we failed to pick up on the error. When Jim Sweeney was here for the audit, he and Maria Oliveira (who is responsible for the retirement software and payrolls) went over the system and verified that there have not been additional occurrences of this error. It appears as though the software “bug” has been corrected in a subsequent update and our accidental violation of G.L. 32 S. 11(1) will not occur again.

**2) Members’ Deductions:** The Board is receiving member’s deductions from the School District on an irregular basis. Payments from the School District occur up to 4 months after the deductions are taken from the members’ earnings.

**Recommendation:** PERAC regulation 840 CMR 25.14 (3) requires member units to remit members’ deductions by the tenth day of the following month. The Board must work with the School District to comply with this regulation.

**Board Response:** The Board has sent a memo to the District Accountant stating the requirements of PERAC Regulation 840 CMR 25.14 (3). The payments from the District to the Board have been generally made on a quarterly basis for expediency’s sake. The District was unaware of the “tenth day” requirement, but will certainly conform to statute immediately.

#### **Final Determination**

*PERAC auditors will follow-up in six (6) months to ensure that appropriate action has been taken regarding all findings.*

**Minuteman Regional School District Retirement System**  
**STATEMENT OF LEDGER ASSETS AND LIABILITIES**  
**FOR THE FOUR YEAR PERIOD BEGINNING JANUARY 1, 1998**  
**AND ENDING DECEMBER 31, 2001**

		<b>FOR THE PERIOD ENDING DECEMBER 31,</b>			
<b>ASSETS</b>		<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Cash		\$56,934	\$18,939	\$4,276	\$25,772
Short Term Investments					
Fixed Income Securities (at book value)					
Equities					
PRIT Cash Fund					
PRIT Core Fund		7,226,843	7,771,247	7,917,437	6,425,105
Interest Due and Accrued					
Accounts Receivable					
Accounts Payable					
<b>TOTAL</b>		<b><u>\$7,283,778</u></b>	<b><u>\$7,790,185</u></b>	<b><u>\$7,921,713</u></b>	<b><u>\$6,450,877</u></b>
<b>FUND BALANCES</b>					
Annuity Savings Fund		\$1,464,070	\$1,351,477	\$1,319,954	\$1,135,596
Annuity Reserve Fund		283,386	295,225	337,423	382,183
Pension Fund		389,838	331,113	229,887	188,871
Military Service Fund		0	0	0	0
Expense Fund		0	0	0	0
Pension Reserve Fund		5,146,484	5,812,370	6,034,450	4,744,228
<b>TOTAL</b>		<b><u>\$7,283,778</u></b>	<b><u>\$7,790,185</u></b>	<b><u>\$7,921,713</u></b>	<b><u>\$6,450,877</u></b>

# Minuteman Regional School District Retirement System

## STATEMENT OF CHANGES IN FUND BALANCES

FOR THE FOUR YEAR PERIOD BEGINNING JANUARY 1, 1998  
AND ENDING DECEMBER 31, 2001

	Annuity Savings Fund	Annuity Reserve Fund	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total All Funds
<b>Beginning Balance (1998)</b>	\$993,900	\$453,229	\$275,146	\$0	\$2,577	\$4,134,377	<b>\$5,859,230</b>
Receipts	176,763	12,209	33,613	0	2,097	802,062	<b>1,026,743</b>
Interfund Transfers	(8,259)	8,259	192,211	0	0	(192,211)	<b>0</b>
Disbursements	(26,808)	(91,514)	(312,099)	0	(4,675)	0	<b>(435,096)</b>
<b>Ending Balance (1998)</b>	<b>1,135,596</b>	<b>382,183</b>	<b>188,871</b>	<b>0</b>	<b>0</b>	<b>4,744,228</b>	<b>6,450,877</b>
Receipts	198,377	10,728	33,648	0	8,485	1,515,491	<b>1,766,729</b>
Interfund Transfers	0	(2,438)	227,707	0	0	(225,269)	<b>0</b>
Disbursements	(14,019)	(53,050)	(220,338)	0	(8,485)	0	<b>(295,892)</b>
<b>Ending Balance (1999)</b>	<b>1,319,954</b>	<b>337,423</b>	<b>229,888</b>	<b>0</b>	<b>0</b>	<b>6,034,450</b>	<b>7,921,713</b>
Receipts	194,187	9,415	165,099	0	8,411	(61,273)	<b>315,838</b>
Interfund Transfers	(215)	215	160,807	0	0	(160,807)	<b>0</b>
Disbursements	(162,448)	(51,828)	(224,680)	0	(8,411)	0	<b>(447,366)</b>
<b>Ending Balance (2000)</b>	<b>1,351,477</b>	<b>295,225</b>	<b>331,113</b>	<b>0</b>	<b>0</b>	<b>5,812,370</b>	<b>7,790,186</b>
Receipts	222,518	8,543	117,372	0	43,837	(488,810)	<b>(96,540)</b>
Interfund Transfers	(32,785)	32,785	177,075	0	0	(177,075)	<b>0</b>
Disbursements	(77,141)	(53,167)	(235,723)	0	(43,837)	0	<b>(409,868)</b>
<b>Ending Balance (2001)</b>	<b>\$1,464,070</b>	<b>\$283,386</b>	<b>\$389,838</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,146,484</b>	<b>\$7,283,778</b>

# Minuteman Regional School District Retirement System

## STATEMENT OF INCOME

**FOR THE FOUR YEAR PERIOD BEGINNING JANUARY 1, 1998  
AND ENDING DECEMBER 31, 2001**

	FOR THE PERIOD ENDING DECEMBER 31,			
	2001	2000	1999	1998
<b>Annuity Savings Fund:</b>				
Members Deductions	\$177,137	\$168,204	\$167,940	\$153,258
Transfers from other Systems	14,549	0	5,600	0
Member Make Up Payments and Redeposits	5,789	0	0	0
Investment Income Credited to Member Accounts	25,043	25,983	24,836	23,504
<b>Sub Total</b>	<b><u>222,518</u></b>	<b><u>194,187</u></b>	<b><u>198,377</u></b>	<b><u>176,763</u></b>
<b>Annuity Reserve Fund:</b>				
Investment Income Credited Annuity Reserve Fund	<u>8,543</u>	<u>9,415</u>	<u>10,728</u>	<u>12,209</u>
<b>Pension Fund:</b>				
3 (8) (c) Reimbursements from Other Systems	16,688	16,660	19,439	21,875
Received from Commonwealth for COLA and Survivor Benefits	5,734	11,468	14,209	11,738
Pension Fund Appropriation	<u>94,950</u>	<u>136,971</u>		<u>0</u>
<b>Sub Total</b>	<b><u>117,372</u></b>	<b><u>165,099</u></b>	<b><u>33,648</u></b>	<b><u>33,613</u></b>
<b>Military Service Fund:</b>				
Contribution Received from Municipality on Account of Military Service	0	0	0	0
Investment Income Credited Military Service Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Sub Total</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>Expense Fund:</b>				
Expense Fund Appropriation	0	0	0	
Investment Income Credited to Expense Fund	<u>43,837</u>	<u>8,411</u>	<u>8,485</u>	<u>2,097</u>
<b>Sub Total</b>	<b><u>43,837</u></b>	<b><u>8,411</u></b>	<b><u>8,485</u></b>	<b><u>2,097</u></b>
<b>Pension Reserve Fund:</b>				
Federal Grant Reimbursement	0	0	0	0
Pension Reserve Appropriation	0	0	0	0
Interest Not Refunded	498	81	96	950
Excess Investment Income	<u>(489,308)</u>	<u>(61,354)</u>	<u>1,515,395</u>	<u>801,112</u>
<b>Sub Total</b>	<b><u>(488,810)</u></b>	<b><u>(61,273)</u></b>	<b><u>1,515,491</u></b>	<b><u>802,062</u></b>
<b>TOTAL RECEIPTS</b>	<b><u>(\$96,540)</u></b>	<b><u>\$315,838</u></b>	<b><u>\$1,766,729</u></b>	<b><u>\$1,026,743</u></b>

# Minuteman Regional School District Retirement System

## STATEMENT OF DISBURSEMENTS

**FOR THE FOUR YEAR PERIOD BEGINNING JANUARY 1, 1998  
AND ENDING DECEMBER 31, 2001**

	<b>FOR THE PERIOD ENDING DECEMBER 31,</b>			
	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
<b>Annuity Savings Fund:</b>				
Refunds to Members	\$74,055	\$2,587	\$3,168	\$25,010
Transfers to other Systems	<u>3,087</u>	<u>159,861</u>	<u>10,851</u>	<u>1,798</u>
<b>Sub Total</b>	<b><u>77,141</u></b>	<b><u>162,448</u></b>	<b><u>14,019</u></b>	<b><u>26,808</u></b>
<b>Annuity Reserve Fund:</b>				
Annuities Paid	53,167	51,828	53,050	54,510
Option B Refunds	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,004</u>
<b>Sub Total</b>	<b><u>53,167</u></b>	<b><u>51,828</u></b>	<b><u>53,050</u></b>	<b><u>91,514</u></b>
<b>Pension Fund:</b>				
Pensions Paid				
Regular Pension Payments	169,842	163,238	167,556.24	177,968
Survivorship Payments	16,290	0	0	0
Ordinary Disability Payments	18,788	16,290	16,290	16,290
Accidental Disability Payments	0	18,530	17,888	104,274
Accidental Death Payments	0	0	0	0
Section 101 Benefits	0	0	0	0
3 (8) (c) Reimbursements to Other Systems	497	497	497	497
State Reimbursable COLA's Paid	30,305	26,124	18,107	13,069
Chapter 389 Beneficiary Increase Paid	<u>0</u>	<u>0</u>	<u>0</u>	
<b>Sub Total</b>	<b><u>235,723</u></b>	<b><u>224,680</u></b>	<b><u>220,338</u></b>	<b><u>312,099</u></b>
<b>Military Service Fund:</b>				
Return to Municipality for Members Who				
Withdrew Their Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expense Fund:</b>				
Board Member Stipend	6,000	6,000	6,000	0
Salaries	0	0	0	0
Legal Expenses	0	0	0	0
Medical Expenses	0	0	0	0
Travel Expenses	551	0	0	0
Administrative Expenses	7,268	2,411	2,485	4,675
Furniture and Equipment	0	0	0	0
Management Fees	30,018	0	0	0
Custodial Fees	0	0	0	0
Consultant Fees	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Sub Total</b>	<b><u>43,837</u></b>	<b><u>8,411</u></b>	<b><u>8,485</u></b>	<b><u>4,675</u></b>
<b>TOTAL DISBURSEMENTS</b>	<b><u>\$409,868</u></b>	<b><u>\$447,366</u></b>	<b><u>\$295,892</u></b>	<b><u>\$435,096</u></b>



# Minuteman Regional School District Retirement System

## INVESTMENT INCOME

FOR THE FOUR YEAR PERIOD BEGINNING JANUARY 1, 1998  
AND ENDING DECEMBER 31, 2001

	FOR THE PERIOD ENDING DECEMBER 31,			
	2001	2000	1999	1998
<b>Investment Income Received From:</b>				
Cash	2501.02	3645.24	\$2,112	\$4,291
Short Term Investments	-	-	-	-
Fixed Income	-	-	-	-
Equities	-	-	-	-
Pooled or Mutual Funds	<u>243,747</u>	<u>(21,191)</u>	<u>1,557,333</u>	<u>834,632</u>
Commission Recapture				
<b>TOTAL INVESTMENT INCOME</b>	<b><u>246,248</u></b>	<b><u>(17,546)</u></b>	<b><u>1,559,445</u></b>	<b><u>838,922</u></b>
<b>Plus:</b>				
Increase in Amortization of Fixed Income Securities	-	-	-	-
Realized Gains	52,329	-	-	-
Unrealized Gains	977,351	-	-	-
Interest Due and Accrued on Fixed Income Securities - Current Year	-	-	-	-
<b>Sub Total</b>	<b><u>1,029,679</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>Less:</b>				
Decrease in Amortization of Fixed Income Securities	-	-	-	-
Paid Accrued Interest on Fixed Income Securities	-	-	-	-
Realized Loss	(92,589)	-	-	-
Unrealized Loss	(1,595,224)	-	-	-
Custodial Fees Paid	-	-	-	-
Consultant Fees Paid	-	-	-	-
Management Fees Paid	-	-	-	-
Board Member Stipend	-	-	-	-
Interest Due and Accrued on Fixed Income Securities - Prior Year	-	-	-	-
<b>Sub Total</b>	<b><u>(1,687,812)</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>NET INVESTMENT INCOME</b>	<b><u>(411,885)</u></b>	<b><u>(17,546)</u></b>	<b><u>1,559,445</u></b>	<b><u>838,922</u></b>
<b>Income Required:</b>				
Annuity Savings Fund	25,043	25,983	24,836	23,504
Annuity Reserve Fund	8,543	9,415	10,728	12,209
Military Service Fund	-	-	-	-
Expense Fund	<u>43,837</u>	<u>8,411</u>	<u>8,485</u>	<u>2,097</u>
<b>TOTAL INCOME REQUIRED</b>	<b><u>77,423</u></b>	<b><u>43,808</u></b>	<b><u>44,049</u></b>	<b><u>37,810</u></b>
Net Investment Income	<u>(411,885)</u>	<u>(17,546)</u>	<u>1,559,445</u>	<u>838,922</u>
Less: Total Income Required	<u>77,423</u>	<u>43,808</u>	<u>44,049</u>	<u>37,810</u>
<b>EXCESS INCOME TO THE PENSION RESERVE FUND</b>	<b><u>(\$489,308)</u></b>	<b><u>(\$61,354)</u></b>	<b><u>\$1,515,395</u></b>	<b><u>\$801,112</u></b>

## Minuteman Regional School District Retirement System

### STATEMENT OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

**FOR THE FOUR YEAR PERIOD ENDING DECEMBER 31, 2001**

	BOOK VALUE*	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS	PERCENTAGE ALLOWED*
Cash		\$56,934	0.78%	100
Short Term			0.00%	100
Fixed Income			0.00%	40 - 80
Equities			0.00%	40
PRIT Core Fund		<u>7,226,843</u>	<u>99.22%</u>	100
<b>GRAND TOTALS</b>	<b><u>\$0</u></b>	<b><u>\$7,283,778</u></b>	<b><u>100.00%</u></b>	

\* The book value differs from the market value for individually owned Fixed Income Securities which are valued at amortized cost which is the original cost of the investment plus or minus any bond discount or bond premium calculated ratably to maturity. All other investments are reflected at their quoted market value.

For the year ending December 31, **2001**, the rate of return for the investments of the **Minuteman Regional School District** Retirement System was -5.29%. For the five year period ending December 31, **2001**, the rate of return for the investments of the **Minuteman Regional School District** Retirement System averaged 9.90%. For the 17-year period ending December 31, **2001**, since PERAC began evaluating the returns of the retirement systems, the rate of return of the investments of the **Minuteman Regional School District** Retirement System was 11.35%.

**Minuteman Regional School District Retirement System**

**SUPPLEMENTARY INVESTMENT REGULATIONS**

**FOR THE FOUR YEAR PERIOD ENDING DECEMBER 31, 2001**

The **Minuteman Regional School District** Retirement System has not submitted any supplementary investment regulations to PERAC.

# **Minuteman Regional School District Retirement System**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE FOUR YEAR PERIOD ENDING DECEMBER 31, 2001**

### **NOTE 1 - THE SYSTEM**

The plan is a contributory defined benefit plan covering all **Minuteman Regional School District** Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

Instituted in 1937, the System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees.

The system provides for retirement allowance benefits up to a maximum of 80% of a member's highest three year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions, normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 75 - 85% pension and 15 - 25% annuity.

Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Members joining the retirement system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Executive Director of PERAC according to statute. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustment granted between 1981 and 1997 and any increase in other benefits imposed by state law during that period are borne by the state.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current year pension payments as indicated on the most recent funding schedule as approved by PERAC's Actuary. Until recently, retirement systems were paying only the actual retirement

## **Minuteman Regional School District Retirement System**

### **NOTES TO FINANCIAL STATEMENTS (Continued)**

#### **FOR THE FOUR YEAR PERIOD ENDING DECEMBER 31, 2001**

benefits that were due each year. Systems had no statutory authorization to put aside any money for the future benefits of employees who are now working. Large unfunded liabilities resulted from operating upon this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations.

In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. These initiatives have significantly reduced the rate of growth of the retirement systems' unfunded liabilities, and in some systems have actually eliminated such liability.

Administrative expenses are funded through investment income of the system.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors including: whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veteran's status, and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

#### **NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Executive Director of Public Employee Retirement Administration Commission.

The Annuity Savings Fund is the fund in which members' contributions are deposited. Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Voluntary contributions, redeposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

## **Minuteman Regional School District Retirement System**

### **NOTES TO FINANCIAL STATEMENTS (Continued)**

#### **FOR THE FOUR YEAR PERIOD ENDING DECEMBER 31, 2001**

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

#### **NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS**

The **Minuteman Regional School District** Retirement System submitted the following supplementary membership regulations, which were approved by PERAC on:

March 7, 2001

Membership:

Permanent part time employees who work 25 or more hours per week and who are not classified as teachers and covered by the Teachers Retirement System shall be members of the Minuteman Regional School District Retirement System.

# **Minuteman Regional School District Retirement System**

## **NOTES TO FINANCIAL STATEMENTS (Continued)**

### **FOR THE FOUR YEAR PERIOD ENDING DECEMBER 31, 2001**

#### **Creditable Service:**

The Minuteman Regional School District Retirement System will grant one full year of creditable service for retirement purposes to those employees of the Minuteman Regional Vocational Technical School District employed on a full-time basis, as defined in their specific category of work, for at least a full academic year provided that such annual employment period consists of at least one hundred and eighty days. These workers must work the entire contract year to be granted the full year of creditable service. Food Service Workers are excluded from this rule.

This regulation shall apply to those clerical personnel, school nurses, aides, and other employees eligible for membership in the Minuteman Regional School District Retirement System.

#### **Creditable Service - Part Time School Year Employees:**

Members designated as permanent part time employees (those who work 25 or more hours per week) who are to be granted a full year of creditable service [for working a full school year] shall be granted that service on a pro-rated basis calculated on the percent of the full-time hours/days as defined in the specific category of work that they actually work. Food Service Workers are excluded from this rule.

#### **Creditable Service: Part Time Employees Full Year:**

Members designated as permanent part time employees (those who work 25 or more hours per week) [for a full calendar year] shall be granted creditable service on a pro-rated basis calculated on the percentage of the twelve-month year that they actually work.

#### **Creditable Service: Food Service Workers:**

Food Service Workers (i.e. covered by the Food Service Workers Salary Schedule) who work 25 or more hours per week and who are under contract with the Minuteman District for the entire school year shall receive one twelve-month year's credit for each full school year worked.

#### **Creditable Service: Food Service Workers:**

Any Food Service Worker whose hours per week are reduced below 25 by the District shall be granted creditable service at the 25 hour per week level.

## **Minuteman Regional School District Retirement System**

### **NOTES TO FINANCIAL STATEMENTS (Continued)**

#### **FOR THE FOUR YEAR PERIOD ENDING DECEMBER 31, 2001**

##### **Retroactive Creditable Service:**

The Minuteman Regional School District Retirement System will allow the full year credit for those employed on a full-time basis or permanent part-time basis as defined on this date retroactively to those years in which such persons were so employed. This change will reflect only those individuals who retire subsequent to this notice





# Minuteman Regional School District Retirement System

## NOTES TO FINANCIAL STATEMENTS (Continued)

### FOR THE FOUR YEAR PERIOD ENDING DECEMBER 31, 2001

#### NOTE 5 - ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by the **Public Employee Retirement Administration Commission** as of **January 1, 2001**.

The actuarial liability for active members was	\$3,874,761
The actuarial liability for retired and inactive members was	<u>2,483,872</u>
The total actuarial liability was	<b>6,358,633</b>
System assets as of that date were	<u>7,790,185</u>
The unfunded actuarial liability was	<b><u>(\$1,431,552)</u></b>
The ratio of system's assets to total actuarial liability was	122.5%
As of that date the total covered employee payroll was	\$1,964,910

The normal cost for employees on that date was 7.80% of payroll

The normal cost for the employer was 7.60% of payroll

The principal actuarial assumptions used in the valuation are as follows:

**Investment Return:** 8.00% per annum

**Rate of Salary Increase:** 6.00% per annum

#### GASB STATEMENT NO. 25, DISCLOSURE INFORMATION AS OF JANUARY 1, 2001

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a % of Cov. Payroll ( (b-a)/c )
1/1/2001	\$7,790,185	\$6,358,633	-\$1,431,552	122.5%	\$1,964,910	-72.86%
1/1/1999	\$6,450,877	\$5,818,861	-\$632,016	110.9%	\$2,016,737	-31.34%
1/1/1996	\$4,281,343	\$3,670,741	-\$610,602	116.6%	\$1,759,909	-34.70%

# Minuteman Regional School District Retirement System

## NOTES TO FINANCIAL STATEMENTS (Continued)

**FOR THE FOUR YEAR PERIOD ENDING DECEMBER 31, 2001**

### NOTE 6 - MEMBERSHIP EXHIBIT

<b>Retirement in Past Years</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
Superannuation	2	2	1	0	0	4	1	0	0	1
Ordinary Disability	0	0	0	0	0	0	0	0	0	0
Accidental Disability	0	0	0	0	0	0	0	0	0	0
Total Retirements	<b>2</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
Total Retirees, Beneficiaries and Survivors	15	17	18	17	20	25	25	24	23	22
Total Active Members	53	53	56	60	60	65	65	64	61	59
<b>Pension Payments</b>										
Superannuation	\$68,732	\$84,930	\$106,023	\$108,271	\$123,244	\$177,343	\$177,968	\$167,556	\$163,238	\$169,842
Survivor/Beneficiary Payments	0	0	0	0	0	0	0	0	0	0
Ordinary Disability	0	0	0	0	0	0	16,290	16,290	16,290	16,290
Accidental Disability	16,290	16,290	16,290	16,290	16,290	16,290	104,274	17,888	18,530	18,788
Other	<u>5,263</u>	<u>5,784</u>	<u>7,183</u>	<u>8,312</u>	<u>8,921</u>	<u>11,761</u>	<u>13,069</u>	<u>18,107</u>	<u>26,124</u>	<u>30,305</u>
Total Payments for Year	<b><u>\$90,285</u></b>	<b><u>\$107,004</u></b>	<b><u>\$129,496</u></b>	<b><u>\$132,873</u></b>	<b><u>\$148,455</u></b>	<b><u>\$205,394</u></b>	<b><u>\$311,602</u></b>	<b><u>\$219,841</u></b>	<b><u>\$224,183</u></b>	<b><u>\$235,226</u></b>